

**EAST PROVIDENCE SCHOOL DEPARTMENT**  
**Joint City Council/School Committee Meeting**  
**East Providence City Hall**  
**145 Taunton Avenue**  
**East Providence, Rhode Island 02914**

**January 7, 2008**

**Open Session**

**Mrs. Morris called the School Committee meeting to order at 7:00PM.**  
**School Committee members present: Stephen Santos, Robert Faria,**  
**Steven Santos and Mildred Morris. (Eileen Lovett was absent). Also**  
**present: Dr. Jacqueline B. Forbes, Superintendent of Schools, Robert**  
**Silva, Esq., and Andrew Thomas, Esq.**

**All City Council members were present: Isadore Ramos, Bruce**  
**DiTraglia, Valerie Perry, Bryan Silva and Robert Cusack. Also**  
**present: William Conley, Esq., Richard Brown, City Manager and**  
**Virginia Nunes, City Clerk.**

**Pledge of Allegiance to the Flag was observed.**

**Report of the Superintendent & Staff**

**Legislative Update ¡V Dr. Forbes provided copies of a Legislative**

**Report and asked for unanimous support on the following House and Senate Bills:**

**„X H7043 would provide reimbursement for extraordinary services to school districts in excess of \$50,000 (90% reimbursement)**

**„X S2012 expands the definition and policy on electronic bullying**

**„X H7036 increases penalties for trespassing within school buildings and vandalism**

**„X H7013 concerns labor relations and school teacher arbitration- there is not enough information at this time to ask for support; will find out more information, as this could have significant impact on the budget.**

**Dr. Forbes informed the City Council and School Committee that she recently attended a Regents Hearing at Rhode Island Department of Education along with Mrs. Morris and shared testimony, asking the Regents to seriously look at the following issues in support of R.I. Superintendents:**

**„X One statewide negotiations team to assist with labor issues. (The average lifespan of the urban Superintendent is 1.4 years; School Committee terms are two year ward terms; puts urban districts at a disadvantage because there is no longevity)**

**„X One statewide teacher contract**

**„X One statewide teacher evaluation system**

**„X Revisit Senate 3050 because we need a funding formula for the predictability of budgeting state and local funding and since the cost drivers iV the expenditures include salaries, pension, health insurance and special education excessive costs with increases that are about 29% and revenue increases are at about 2.7%; there is a huge gap and it is not working.**

**Mrs. Morris felt that Dr. Forbes's remarks were well received by the Regents.**

### **Budget Deficit Update**

**Dr. Forbes provided copies of a Fiscal Presentation dated January 7, 2009 indicating that next year's projected deficit is over \$3 million. There is no control over the 5.5% annual average health insurance increases or 11.1% increases in average annual pensions. The School Committee and City Council did not create the problem, but everyone needs to work together to solve it. The Fiscal Presentation provided information on the deficit history, structural deficit, contractual obligations, increases in salaries and benefits, state funding issues, actions taken by the School Department and the next steps (see attached PowerPoint Presentation).**

**Dr. Forbes explained that in a meeting with the Auditor General in December, he indicated that once a plan is approved, it must be completed in less than five years since the initial meeting with the**

**Auditor General. Dr. Forbes thanked everyone for listening to the presentation and asked for the pleasure of the School Committee Chair and Mayor.**

**Mayor Ramos asked to review the Memo of Understanding signed on May 2, 2006 by the city and school department:**

**1. Dr. Forbes stated that we have entered into a plan to reduce expenditures.**

**2. The School Committee voted not to continue the buyback litigation after the arbitration decision and she is not sure where that matter is in the legal process. Mr. Conley reported that it was assigned to Superior Court; because the judge suffered a stroke, the case has been delayed. A new judge will be assigned in court on Friday and he will have a better idea after that takes place and will advise via memorandum to all including counsel.**

**3. School Department submitted a request to RIDE for waivers. Dr. Forbes will submit another letter; one was sent in August and we were not granted a change in class size; Regents just implemented new regulations and we need to implement them as soon as possible.**

**4. B & E Consulting recommendations- all implemented according to Dr. Forbes.**

**5. Health insurance consultant went out to bid and we have been working on reducing costs of health care as indicated earlier in the meeting.**

6. The School Committee hired Walter Edge and Tom Sweeney for a performance audit; have not gone out recently for efficiency audit.
4. City administration adjusted budget expenditures, as explained in Item #7.
5. Increase in revenues also occurred as explained in Item #8.
6. City Council and School Committee were to schedule joint budget workshops and Dr. Forbes hopes to have joint budget workshops in the future.

Dr. Ramos believes there would be savings by reducing the 36 districts and having one contract statewide. Even though controversial, he believes there is a need to think outside the box; however, this would be a legislative function. Although it would cause chaos, it needs to be addressed.

Mr. Faria did not understand why the state is not looking at regionalization; there are 36 districts and it would be unfortunate if this is an obstacle to obstruct good ideas.

Mr. DeCastro referred to discussion about workshops; he wants to know where we are headed; this is the key everyone needs to understand. During negotiations, some success was reached, but even if we are successful with the contract next school year, he suspected that we would still have problems with a 3.5% appropriation from the city. It is important to know where we would be if we are successful in doing everything we need to do regarding

raises, buyback, etc. He believes that even if we do the hot button issues, we will still face problems.

Dr. Forbes verified that those savings will still not be enough to eliminate the deficit; even closing schools is not enough. This is a structural deficit and we must address it in a four-prong approach.

Mr. DeCastro explained that we need to understand and know what the numbers are and the public needs to know. If we have no control over special education costs, pensions, etc., where is the break-even point; what would we have to get to in order to live within the 3.5% cap; this is important before entering into negotiations; how can we enter into agreements without coming back here again. What was the plan to solve that issue?

Mr. Faria said at first negotiations sessions, information was presented on the low end of salaries; we were not successful on any big dollar items. This problem is not going to be solved by any one thing.

Mr. DeCastro explained that if the state level funds, when there is no more money, it will come from the taxpayers' pocket and we need to try to resolve the issues.

Dr. Ramos said that the state is in deficit, the taxpayers do not have the money; the legislators, School Department and City Council need

**to think outside the box together; he is not raising taxes.**

**Mr. DeCastro said we are doing what we can to think outside the box; he has privatizing on the next agenda; we have to think about some things, research, and do something. He is thinking of different ways to save money. He does not know what else can be done even after co-pay, etc.**

**Mr. Brown stated that for the short-term deficit, the Superintendent and City need to get together to determine the extent of the potential deficit to make adjustments this fiscal year. The second part is the long-term financial analysis; demographics of employees, the funding formula, legal issues, class sizes, structural changes as suggested by Mayor Ramos. We cannot do one without the other; all must be looked at simultaneously. Also the physical plant maintenance needs to be reviewed; if we are showing declining buildings, we need to reduce the number of facilities we are maintaining. We need to involve the School Committee and City Council to look at those issues.**

**Mrs. Morris suggested looking at Platt and Watters buildings, using proceeds towards the deficit. Dr. Forbes would like to relocate the administration offices and surplus the properties; she has shared building needs with the city manager and they could look at splitting up administration. Mr. Brown thought space could be reorganized in existing buildings, but the square footage needs to be reviewed. Mrs.**

**Morris would like to see some movement on Watters; there are only twenty students there and we need to get the money out of that building. Dr. Forbes has had meetings with the Boys and Girls Club to help free up Watters and will be meeting with Head Start.**

**Mr. Faria would like to follow up on the consolidation of schools; we need to set consecutive meetings for public to be informed. He is big on putting sixth grade back in elementary schools and does not think enough research was done last time, because something is not working there and conversations need to include that**

**Mr. Brown said those are education and policy issues; he is looking at structures and would like working within that framework; all others would be decisions of the School Committee.**

**Mr. Silva, legal counsel, asked if the City Council will be updated after the meeting on January 8th. Mr. DeCastro knows that legal will have to be done and maybe legislation; he does not know if the School Committee will support his idea. Mr. Silva advised there is a deadline to send out notices if we have to and a cost analysis should be done. Mrs. Morris already made a call to RI Department of Education for advice.**

**Mr. DiTraglia said we are definitely looking at a \$3.29 million deficit. He was asked to go into negotiations to make sensible contracts; one group did very well and that was a start, but we are not going to make**



up \$3.29 million dollars. He felt that we will never see consolidation of schools with other communities. R.I. reneged on their commitment to fund cities and towns and now want the city to foot the bill and we do not have it. It is not fair with the rate of inflation, Blue Cross costs, etc. and there is no way we can keep up with it. At the current rate of spending, we do not have enough money coming in percentage wise and need to get serious. We need to get the community together; we are looking at a big tax increase. He does not want to deprive any one of education; but it comes with a price. Through the years it keeps on going up and we needed to see the increases, gas, insurance, etc. are all going up. Everyone is here for a workshop and \$3 million is a lot of money to make up.

Dr. Forbes responded that it is important to make up the deficit; we have been trying to pay it down the last three years.

Dr. Ramos stated that we have not been following the law; we cannot balance the budget and he will not ask for a tax increase. This problem needs to be worked out and it is not anyone's fault; everyone needs to put their heads together. Mr. Conley came up with the idea of the food tax, which helped to pay the deficit. We need more of this thinking to make this work.

Mr. DiTraglia said we are over spending more than we are bringing in.

When in negotiations, we knew what could be spent. We have to correct this problem and need to look at the future, as sacrifices are

necessary and we have to do it now.

Mr. Cusack spoke about state and federal funds still coming from the tax payers; he felt that 36 districts have failed to negotiate and have granted lavish contracts. The General Assembly saw fit not to increase aid. He had questions regarding total cash compensation to all employees.

Mr. Capron explained that salaries are over \$40 million; the teachers' contract raises this year are based on where all other communities settled up until November 1st. The new salaries are not until then and there were some other staff changes, so the 6.4% was never realized. Mr. Cusack referred to the final year of the contract; with salaries and steps at the 12th highest in the state. Mr. Capron explained the steps and responded to Mr. Cusack's question that top step is about \$68,000 on the basic schedule.

Mr. Cusack stated that on cash compensation, a \$40 million increase November 1st would not have solved the problem. He asked about the total on buybacks, total health care costs, which even if with a 20% c-share would only be a couple million bucks. Mr. Cusack asked about changing the third party administrator and if we took advantage of United, who was willing to charge less than Blue Cross.

Mr. DeCastro stated that the United plan would not really have saved money and the complexities involved. By vote of the School

Committee, eight different health plans were modified to one plan similar to what was agreed to with the custodians. He believes there will be savings of about half a million dollars, although he does not know if we will be successful with resulting arbitration. There is not much difference in the plan; it is a good plan and better than not having a plan at all. He attended meetings with Blue Cross.

Mr. Cusack stated that we all agree on the need for legislative relief, there is no question some items have huge price tags and we need to reexamine every one. Everyone knows how everyone feels about co-share. He wants more share; more give and take. If nothing happens, what happens then to the bond rating. Mr. Cusack asked what will be the alternatives when bills are not paid at the end of the year. He asked where the city stands regarding the bond rating, Caruolo action, etc. and he asked for a legal opinion on city side.

Mr. Conley explained the recourse if we continue traveling down the financial path outlined by the Superintendent to a \$3.9 deficit piled on an accumulated deficit (\$4.59 million deficit). Under statutes, he views the Auditor General exercising his extraordinary powers. Although rarely exercised and with the type of agreements entered into before, with a \$4.59 deficit at the close of this year, we reach critical mass and go into a true financial crisis. The Auditor General will try to work with the community on a financial recovery plan; the obvious and most recent significant supplemental tax would be approved by the legislature. With a financial recovery plan, it is taken

out of the hands of the local community. This is rarely used, but projections heard this evening would fall into that category.

Mr. Cusack asked if there is only one tool at the Auditor General's disposal or can he reduce the expenditure side at all. Mr. Conley said he would have more than one, but with those communities who fail to respond, this would be the ultimate draconian solution. The Auditor General has imposed limitations on expenditures also. Mr. Conley stated that the community is aggressively looking at waterfront development and this could become a real concern for the city if the Auditor General ordered freezes on line categories. Mr. Cusack emphasized that the Auditor General would take the power out of the city's hands if we cannot come to an agreement.

Dr. Forbes advised that she invited legal counsel to attend a meeting with the Auditor General in order to cover the letter of the law. Mr. Robert Silva, Esq. related that Mr. Conley presented a thorough explanation of what might happen down the road. The focus is more on a deficit reduction plan; we put it together and the Auditor General monitors to see if it is working. Beyond that, what happens if more cataclysmic beyond \$4-5 million deficit; the Auditor General could step in and solve the problems for the community. Mr. Silva queried him about other communities; The Auditor General will participate as a facilitator in joint meetings and any steps which might be taken before getting heavy handed. Mr. Silva suggested the meeting with the Auditor General because there is not enough money, we are not

allowed to deficit spend, and we needed to identify that we would be facing this. The Auditor General was cordial; he advised that we should form a deficit plan and keep in touch. Mr. Silva will insert himself for solutions and not to pressure as suggested by Mr. Cusack. The process of the law is Caruolo, whereby a judge will review and if the Superior Court finds the budget short to provide a basic education, they will impose supplemental tax. The Auditor General never heard of a School Committee not using the Caruolo action.

Mr. Cusack asked if the City Council can request that the schools stay within the budgeted 3.5% cap. Mr. Silva advised that he would like the buyback not to happen, but there is no standing; possibly the City Council could. Mr. Cusack felt that the city is providing enough money for basic education, possibly a judge could take a look at the overly generous contracts.

Mr. Silva advised that we cannot abrogate past contracts of collective bargaining; there would be some very vexing, complex, and sophisticated arguments and would be probably cutting new ground in RI.

Mr. Conley asked to follow up on any appeal action by the School Committee to Superior Court for insufficient funds; this action does not solve the deficit problem; it is a question of which side of the ledger sheet; still having the deficit does not solve the issue or get us

out from under. Talked about the Powers of the Auditor General when the community runs a deficit. If the object is to solve the deficit long range, how do we address deficit. He agreed with Mr. Silva that history has shown us the extreme authority of Auditor General. His concern is that we remember we have already been in twice and going in for the third plan and this is different from other communities. He is concerned that the Auditor General will look at the past and finally give the medicine.

Mr. Faria and Mr. Santos were concerned about bill payment issues and over two million dollars of overdue bills from 2007. They felt this was an alarming question: are we continuously not paying bills.

Mr. Brown said this has been a recurring problem since he has been here. The finance person sets up an amount of money to pay bills and the schools have not asked recently for any increase; this is a one time fix.

Mr. Faria said that we definitely have to look at this. Mr. Santos does not think we know deficit amount because we are continuously rolling with bill payments and asked what are we rolling into next year going all the way back to July.

Mrs. Morris said bills have been late before. Dr. Forbes advised that we do not have a final close out number at this time. Mr. Santos asked where we stand at this time.

**Mr. Capron advised that we have cleared up most of last fiscal year; the current system is a batch system and we can only enter so many bills at one time. Mr. Santos asked if the deficit is bigger than anticipated and what is the total of the cumulative deficit. Mr. Capron advised that this information will be available when audited. Mr. DeCastro said the bills are accrued and this is a cash flow issue.**

**Mr. DeCastro advised that an action plan is needed before leaving the meeting:**

**City Manager and Superintendent will work towards a solution; Mr. Brown will get back with a date to be scheduled for a report. Mrs. Perry asked about the bond rating, if the Auditor General comes in, it will have a domino effect. Mr. Brown did not want to set a date for a meeting at this time. The meeting was adjourned.**

**Respectfully submitted,**

**Patricia A. Iannelli, Administrative Assistant**

**Eileen Lovett, Clerk of the Committee**